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**EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON**

April 19, 1956

**MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL**

**SUBJECT:** Security Requirements for Government Employment

**REFERENCES:** A. Executive Order 10450, dated April 27, 1953,  
as amended October 14, 1953 and August 5,  
1954  
B. NSC Actions Nos. 791 and 1368

The enclosed report by the Civil Service Commission, prepared pursuant to Section 14 of the reference Executive Order, on the results of its study for the period July 1-December 31, 1955, of the manner in which the Executive Order is being implemented by the departments and agencies of the Government, is transmitted herewith for the information of the National Security Council and consideration of the Recommendation contained in paragraph VI thereof.

The enclosed report is being referred to the NSC Planning Board for comment and recommendation before scheduling on the Council agenda.

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*James S. Lay, Jr.*  
JAMES S. LAY, JR.  
Executive Secretary

cc: The Secretary of the Treasury  
The Attorney General  
The Special Assistant to the President  
on Disarmament  
The Director, Bureau of the Budget  
The Chairman, Civil Service Commission  
The Chairman, Joint Chiefs of Staff  
The Director of Central Intelligence  
The Chairman, Interdepartmental  
Intelligence Conference  
The Chairman, Interdepartmental  
Committee on Internal Security

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UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON 25, D. C.

NATIONAL SECURITY COUNCIL

SUBJECT: Fifth U.S. Civil Service Commission summary report pursuant to Section 14 of Executive Order 10450, as amended, (Security Requirements for Government Employment) for the period July 1 through December 31, 1955.

I. INTRODUCTION

This fifth report to the National Security Council is submitted under the provisions of Section 14 of Executive Order 10450, as amended.

II. DEFICIENCIES

A. Furnishing information on request to private employers in security cases

A recurrent problem in the security program under Executive Order 10450 concerns the information to be furnished to private employers upon request when inquiries are made concerning a Federal employee who has been removed from the Federal service on security grounds. There is no uniform policy for handling requests of this nature. The problem is now under study with the objective of developing a uniform policy applicable to all Federal agencies.

B. Relationship of E.O. 10450 to E.O. 10501

Problems arose respecting the relationship of E.O. 10450 and E.O. 10501. E.O. 10450 relates to security requirements for Federal employment. E.O. 10501 relates to safeguarding official information in the interests of the defense of the United States and concerns clearance of individuals for access to classified information. E.O. 10501 specifies that access to such information shall be permitted only to "persons whose official duties require such access in the interest of promoting national defense and only if they are deter-

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mined to be trustworthy." On December 13, 1955, the Attorney General advised the Civil Service Commission "...that a finding by the head of the department or agency that the continued employment of an individual in a sensitive position is clearly consistent with the interests of the national security necessarily involves a determination that the employee is being cleared for access to any information necessary in the performance of the duties of the position for which he is cleared." The Commission has advised departments and agencies of this decision.

C. Delay in acting on full field investigations

Information furnished by departments and agencies concerning the workload of full field investigations made under E.O. 10450 is shown in Exhibit 1. This exhibit is attached pursuant to the reporting requirement of E.O. 10550 of August 5, 1954. The exhibit shows the status of this work as of December 31, 1955, and the improvement effected by March 31, 1956. The improvement can be attributed in large measure to letters which the Commission wrote during January 1956 to the heads of a number of departments and agencies concerning their backlogs in this work. These letters resulted not only in increased agency concern with respect to becoming current in their handling of individual cases, but also in the reconciliation and correction of records maintained by the Commission and the agencies on these cases.

As of March 31, 1956, only a very minor item of work, 25 cases, remained with respect to the review and readjudication under E.O. 10450 standards of full field investigations made during the old loyalty program under E.O. 9835.

D. Possible modification of statistical reporting requirements

A study is being made concerning the possibility of eliminating or modifying the statistical reporting requirements of the various departments and agencies on Standard Form 77 to reflect the changing complexion of the security program from major emphasis on incumbents to major emphasis on applicants and probational appointees.

E. Circularization of the Department of Justice interpretations

Interpretations furnished by the Department of Justice on security matters to individual agencies may not always have been circularized to other agencies.

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Circularization of these interpretations to all agencies is now being given consideration by the Department of Justice upon the request of the Personnel Security Advisory Committee.

F. "Public issue" cases

Criticisms of the security program have been based in part upon the handling of individual cases, the so-called "public issue" cases. Reviews of individual cases by the Civil Service Commission in its security appraisals of the security program in various departments and agencies have indicated that there are always a number of borderline cases in which the issues may not be clear-cut and which can only be resolved by the exercise of individual judgment. Some of these cases, with partial presentation in the press, could become "public issue" cases. The indications are, however, that the suggestions made in the letter of March 4, 1955, from the Attorney General to the President, and issued to all agencies, will keep many of these cases from developing into "public issue" cases.

G. Lack of compliance with requirement for a full field investigation for all sensitive positions

The Commission mentioned in its second report to the National Security Council that certain positions designated as sensitive in the Department of Defense did not under their regulations require full field investigations as provided for in Section 3(b) of E.O. 10450. This matter was referred to again in general terms in the Commission's third report to the National Security Council. At that time the Commission recognized the serious problems facing the Department both as to availability of qualified investigative personnel and as to available funds to make the large number of investigations required within a reasonable time, and that these problems would require time to surmount. In the meantime, the Department of Defense seems to be approaching the standard applied by the majority of departments and agencies as to the requirement of a full field investigation of applicants for or employees in sensitive positions. For example, Department of Defense Directive No. 5210.8 of June 29, 1955, pertaining to access clearances, now requires a full field investigation of civilian personnel for access clearance at the Top Secret category. The Commission can point to no information indicating that the lack of full field investigations for all sensitive positions has tended to weaken the national security. It is, however, a deviation from the requirements of E.O.

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### III. TENDENCIES TO DENY EMPLOYEES RIGHTS

#### A. Charges and hearing prior to suspension

Under the requirements of the Act of August 26, 1950, (Public Law 733, 81st Congress), letters of charges are issued to and hearings held for suspended employees. Adoption of an amendment to the basic legislation to provide for charges and hearings prior to suspension, in the discretion of the agency head, is clearly in the interest of the employee and would remove one of the major sources of criticism of the security program. The Commission has been advised by the Department of Justice that such an amendment is being recommended by the Attorney General. Every effort should be made to expedite this legislation.

#### B. Time limit on amendment of letter of charges

One agency amended its security regulations to eliminate any time limit with respect to amendment of a letter of charges. This appeared to be in conflict with the Act of August 26, 1950 (Public Law 733, 81st Congress), which provides that an employee suspended under the Act shall have "a written statement within 30 days after his suspension of the charges against him, which shall be subject to amendment within 30 days thereafter \* \* \*." The Commission brought this matter to the attention of the Attorney General and of the agency head. Thereafter the agency amended its regulations to conform with the provisions of the Act.

#### C. Discrepancy between the Act of August 26, 1950, and the Sample Security Regulations

The Act of August 26, 1950, provides that the employee shall have 30 days after notification of the reasons for his suspension in which to submit his reply. Under the sample security regulations promulgated by the Attorney General at the time E.O. 10450 was issued, the employee was given 30 days to reply from the date of his suspension. The Commission called this discrepancy to the attention of the Attorney General by letter. This error appeared in the security

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regulations of a few agencies. The Department of Justice by letter has brought this to the attention of agencies in appropriate cases.

D. The effects of the Attorney General's suggestions of March 4, 1955

A number of conditions which might have tended to operate against the best interests of the employee were removed by the letter of March 4, 1955, from the Attorney General to the President. This letter was approved by the President and issued at his direction to the heads of departments and agencies in the Executive Branch. The effects of its implementation through regulations or instructions of departments and agencies can be observed in the period covered by this report. For example, in that letter the Attorney General recommended that decision to suspend be made at the Assistant Secretary level, that meticulous care be exercised in the suspension of employees and that personal interviews prior to suspension would be helpful in most instances. For the period October 1, 1953, through March 31, 1955, the rate of suspension in terms of total cases handled was .16 per cent. For the period April 1 through September 30, 1955, the rate of suspension in terms of total cases handled was .085 per cent, or approximately half the rate of that preceding the issuance of the Attorney General's letter. While, no doubt, other factors may have affected this rate of suspension, the influence of the Attorney General's letter with respect to the careful consideration of these cases cannot be discounted. Other suggestions in that letter are assisting in obtaining more uniform decisions, and avoiding conflicting evaluations.

IV. APPLICATIONS TO THE COMMISSION FOR DETERMINATIONS OF REEMPLOYMENT ELIGIBILITY UNDER SECTION 7 OF EXECUTIVE ORDER 10450

Since the beginning of the program to December 17, 1955, 85 persons who have been removed under the provisions of Executive Order 10450, or other security authority, or who have resigned while security charges were pending, have applied to the Commission under the

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provisions of Section 7 for determination of their eligibility for reemployment in agencies other than the one from which separated. The results of these applications were as follows:

Favorable decisions.....	15
Unfavorable decisions.....	40
Closed without action.....	21
Pending .....	<u>9</u>
Total.....	<u>85</u>

#### V. SECURITY APPRAISALS

As of December 31, 1955, the Commission had completed initial appraisals in 47 departments and agencies. This includes the major departments and agencies. In addition, as of December 31, 1955, second appraisals have been completed in two agencies and were in process in three others.

#### VI. RECOMMENDATIONS

With one exception, remedial actions on deficiencies in the security program or tendencies to deny employee rights presented in this report have been taken or are in process, and therefore require no action by the National Security Council at this time. The exception relates to the fact that there is lack of compliance in the Department of Defense with the requirement of Section 3(b) of E.O. 10450 for a full field investigation for all sensitive positions, as referred to in Section II-G of this report.

It is therefore recommended that:

The Personnel Security Advisory Committee, with the cooperation of the Department of Defense and the Department of Justice, make a study and appropriate recommendations to the National Security Council with respect to the advisability of having uniform application of the requirement for a full field investigation for positions in the Department of Defense designated as sensitive in the interests of the national security.

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WORKLOAD OF FULL FIELD INVESTIGATIONS MADE UNDER  
EXECUTIVE ORDER 10450 PENDING BY AGENCY AS OF  
DECEMBER 31, 1955, AND MARCH 31, 1956

Agency	(A) Workload pending as of 12/31/55		(B) Workload pending as of 3/31/56	
	(1) Total cases pending final action	(2) No. of cases in Col.A-1 pending final action more than 90 days	(1) Total cases pending final action	(2) No. of cases in Col.B-1 pending final action more than 90 days
Agriculture .....	191	122	143	88
Air Force .....	1,676	946	2,034	1,203*
American Battle Monuments Com. ....	1	1	0	0
Army .....	1,036	486	780	218
Atomic Energy Comm.....	1	0	0	0
Bd. of Governors, Fed'l Res. System ....	4	4	23	1
Bureau of the Budget ...	4	0	4	2
Canal Zone Government ..	10	7	9	7
Civil Aero. Board .....	2	1	1	0
Civil Service Comm. ....	29	5	16	5
Commerce .....	46	24	24	7
Comm. on Inter-Govt'l Relations .....	4	4	--	--
Comm. on Org. of the Exec. Br. of Govt. ...	2	2	--	--
Council of Eco. Adv. ...	2	1	1	1
Export-Import Bank .....	1	0	0	0
Farm Credit Adm. ....	1	0	2	0
Fed. Civil Def. Adm. ...	84	48	76	29
Federal Communications Commission .....	10	6	3	0
Fed. Deposit Insur. Corporation .....	11	0	1	1

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Air Force advises that this total represents in large part a failure of installations to report final action promptly rather than actual delay in closing cases, and that agency-wide effort is now being made to correct this condition.

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Agency	(A) Workload pending as of 12/31/55		(B) Workload pending as of 3/31/56	
	(1) Total cases pending final action	(2) No. of cases in Col.A-1 pending final action more than 90 days	(1) Total cases pending final action	(2) No. of cases in Col.B-1 pending final action more than 90 days
Fed'l Facilities Corp ..	2	2	1	1
Fed'l Mediation & Con- ciliation Service ...	3	3	0	0
Fed. Power Comm. ....	8	3	4	2
Fed. Trade Comm. ....	0	0	3	0
Fed. Home Loan Bank Board .....	1	0	4	0
Foreign Claims Settle. Comm. of the U.S. ...	4	0	2	1
General Acctg. Office .	71	27	60	24
General Services Adm. .	34	11	41	14
Govt. Printing Office .	82	56	48	39
Health, Education and Welfare .....	73	37	48	19
Housing and Home Finance .....	69	54	30	11
Interior .....	56	44	46	15
Internat'l Boundary & Water Comm. ....	3	3	0	0
Internat'l Cooperation Administration .....	167	73	53	0
Interstate Commerce Commission .....	3	0	17	1
Justice .....	110	16	50	1
Labor .....	23	7	33	3
Library of Congress ...	15	12	4	3
Nat'l Advisory Comm. on Aeronautics .....	16	6	35	2
Nat'l Capital Planning Commission .....	0	0	1	0
Nat'l Gallery of Art ..	0	0	0	0
Nat'l Labor Relations Board .....	15	8	14	1
Nat'l Science Founda- tion .....	16	0	1	0

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Agency	(A) Workload pending as of 12/31/55		(B) Workload pending as of 3/31/56	
	(1) Total cases pending final action	(2) No. of cases in Col.A-1 pending final action more than 90 days	(1) Total cases pending final action	(2) No. of cases in Col.B-1 pending fin- al action more than 90 days
Nat'l Security Agency	25	21	15	13
Navy	193	110	164	70
Office of Defense Mobilization	9	5	7	4
Office of Secretary of Defense	20	4	38	0
Post Office	205	141	143	72
Railroad Retirement Board	1	0	1	0
Reconstruction Finance Corporation	1	1	--	--
Renegotiation Board	2	1	2	0
Securities and Exchange Commission	2	1	3	2
Selective Service System	2	1	1	1
Small Business Adm.	0	0	1	0
Smithsonian Inst.	0	0	1	0
State Department	66	49	59	25
Subversive Activities Control Board	1	1	0	0
Tariff Commission	4	2	4	2
Tax Court of the U.S.	0	0	0	0
Tennessee Valley Auth.	7	7	1	1
Treasury	361	188	172	84
U.S. Info. Agency	41	11	6	0
Veterans Administration	115	47	76	22
White House	1	1	0	0

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